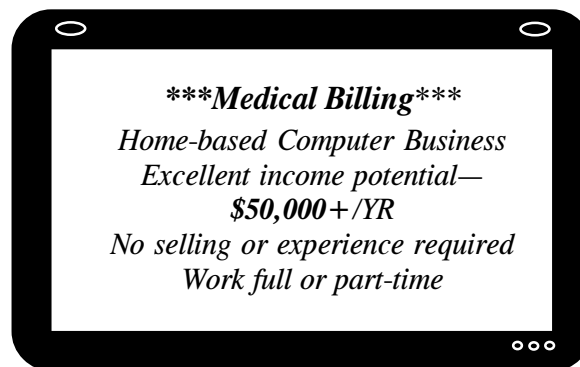




Medical Billing Business Opportunity Schemes



If you're looking for a home-based business that can help you pull in \$50,000 or more a year using your computer, advertisements for medical billing centers may be appealing. But before you part with your money, consider this: The Federal Trade Commission has brought charges against several promoters of medical billing centers for misrepresenting the earnings potential of their businesses and for failing to provide certain key pre-investment information that the law requires.

How the Scams Work

You can find ads for pre-packaged businesses—known as billing centers—in newspapers, on television and on the Internet. When you respond, you'll get a sales pitch that may go something like this: There's "a crisis" in the health care system, due partly to the overwhelming task of processing paper claims. The solution is electronic claim processing. Because only a small percentage of claims are transmitted electronically, the market for billing centers is wide open.

These promoters also may tell you that many doctors who process claims electronically want to "outsource" or contract out their billing services to save money. Promoters will promise that you can earn a substantial income working full- or part-time, providing services like billing, accounts receivable, electronic insurance claim processing and practice management to doctors and dentists. They also may assure you that no selling experience is required and that they will provide customers or qualified salespeople to find clients for you. The reality: You will have to sell. These promoters rarely provide experienced sales staff or contacts within the medical community.

The company will follow up by sending you promotional materials that typically include a brochure, application, sample diskettes, a contract (licensing agreement), disclosure document, and in some cases, testimonial letters, videocassettes and reference lists. For your investment of \$2,000 to \$8,000, a promoter will promise software, training and technical support. And the company will encourage you to call its references. But be careful because when you call, you may get "shills"—people hired to give favorable testimonials. It's best to interview people in person, preferably where the business operates, to reduce your risk of being misled by shills and also to get a better sense of how the business works.

The Bitter Pill

The FTC has found that few consumers purchasing a medical billing business opportunity are able to find clients, start a business and generate revenues—let alone earn a substantial income and recover their investment. Competition in the medical billing market is fierce and revolves around a number of large and well-established firms.

How to Protect Yourself

Taking certain precautions can help you minimize your risk of losing money to a medical billing business opportunity:

- Get all earnings claims in writing. Be sure the information includes the number and percent of past or current purchasers who have earned at least as much as the promoter claims. If the promoter hesitates or refuses to give the information in writing, walk away from the deal.
- Check out the company with the state Attorney General's office, consumer protection agency, and the Better Business Bureau (BBB) in your area and the area where the promoter is based. These organizations can tell you whether there are any unresolved complaints about the company. While complaints may alert you to problems, the absence of complaints does not necessarily mean the company is legitimate. Unscrupulous companies may settle complaints, change their names or move to hide a history of complaints. Be skeptical of past success stories. Don't rely solely on the names given to you by the promoter.

- Ask the promoter to give you the names of all or many previous purchasers so that you can pick and choose whom to call. The FTC requires most business opportunity promoters to provide the names, addresses and phone numbers of at least 10 people who live closest to you. When you interview these references—in person—ask them for the names of their clients and to describe details of their operations.
- Consult an attorney, accountant or other business advisor before you sign any agreement or make any payments up front. Entering into any business opportunity may require a significant financial investment. Your attorney can review the company's contract and advise you on how best to proceed. If the company requires a deposit, you may want your attorney to establish an escrow account in which the money will be maintained by a neutral third party.

Business Opportunities and Franchises

Many, if not most, business opportunities meet the FTC's definition of a "franchise." If a business opportunity constitutes a franchise, the law requires the company to give you a Franchise Disclosure Document at least 10 days before you sign an agreement or pay any money. The required disclosure document provides important information about a business, including:

- the names, addresses and telephone numbers of previous purchasers;
- a fully audited financial statement of the seller;

- the cost of starting and maintaining the business; and
- the responsibilities you and the seller will have to each other once you've bought.

Pay special attention to the sections detailing:

- any lawsuits brought against the company or its directors by franchisees, and suits alleging fraud;
- fees you will have to pay and the conditions under which any fees or deposits will be returned to you; and
- the number and percent of others who have earned at least as much as the promoter claims.

If the seller doesn't give you a disclosure document, ask why. If a franchise or business opportunity seller says it's not covered by the Franchise Rule, verify it with an attorney or business advisor or by calling the FTC toll-free at 1-877-FTC-HELP (382-4357). Even if the business is not legally required to provide a disclosure document, you still may want one for your own information, and legitimate companies won't hesitate to give you the information.

Where to Complain

If you think you've been defrauded in a medical billing business opportunity scheme, contact the company and ask for your money back. Let the company representatives know that you plan to notify law enforcement and other officials about your experience. Keep a record of your conver-

sations and correspondence. If you send documents to the company, make sure you send copies, not originals. Send correspondence by certified mail—and request a return receipt—to document what the company received.

If you can't resolve the dispute with the company, several organizations may be able to help you. Check your phone book for the complete names, addresses and phone numbers for these organizations:

- The state Attorney General's office or the Secretary of State where you live *and* where the company is headquartered. The staff can tell you whether you are protected by any state laws that regulate business opportunities.
- Your local consumer protection office.
- Your local BBB and the BBB where the company is located.
- Your local Postmaster. The U.S. Postal Service investigates fraudulent mail practices.

You can file a complaint with the FTC by contacting the Consumer Response Center by phone, toll-free at 1-877-FTC-HELP (382-4357); TDD: 202-326-2502; by mail at Consumer Response Center, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580; or online at **www.ftc.gov**, using the complaint form. Although the Commission cannot resolve individual problems for consumers, it can act against a company if it sees a pattern of possible law violations.

For More Information

The FTC publishes free brochures on many consumer issues. For a complete list of publications, visit the FTC online at **www.ftc.gov**—click on Consumer Protection. Or, write for *Best Sellers* to Consumer Response Center, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580; or call toll-free 1-877-FTC-HELP (382-4357); TDD: 202-326-2502.